

Message Text

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TAGS: EAID, IN, GW

SUBJ: AID MINISTER BAHR VISIT TO INDIA

REF: NEW DELHI 1436

1. EMBOFF DISCUSSED RECENT VISIT OF ECONCOOPMIN BAHR TO INDIA WITH DIRECTOR OF SOUTH ASIAN SECTION OF ECONCOOPMIN OFFERMAN. THE VISIT HAS RECEIVED AN UNUSUAL AMOUNT OF PUBLICITY IN GERMANY, IN PART DUE TO THE RECENT VISIT OF THE OPPOSITION SPOKESMAN TODENHOEFER WHO QUESTIONED WHETHER ASSISTANCE TO INDIA COULD BE JUSTIFIED IN LIGHT OF REPRESSIVE MEASURES TAKEN BY THE INDIAN REGIME. OFFERMAN TOLD US THAT, IN FACT, BAHR HAD LEFT BONN WITH A SOMEWHAT NEGATIVE VIEW TOWARDS RECENT DEVELOPMENTS IN INDIA BUT THAT HE HAD COME AWAY WITH A FRESH UNDERSTANDING OF THE EXTREME DIFFICULTIES WHICH THE GOVERNMENT IN NEW DELHI FACES.

2. ACCORDING TO OFFERMAN, BAHR AGREED TO MAINTAIN THE LIMITED OFFICIAL USE

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CURRENT LEVEL OF ASSISTANCE TO INDIA (THIS AT A TIME

WHEN DEVELOPMENT ASSISTANCE BUDGET IS BEING REDUCED), AND TO OFFER MOST FAVORABLE CREDIT TERMS FOR FUTURE CAPITAL ASSISTANCE LOAN TO INDIA. THE 1976 AID PROGRAM WILL CONSIST OF DM 220 MILLION IN CAPITAL ASSISTANCE, DM 140 MILLION IN DEBT RELIEF, DM 80 MILLION IN TECHNICAL AND GOVERNMENT-SUPPORTED CHURCH ASSISTANCE AND ESTIMATED CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS OF DM 160 MILLION. THIS MEANS A TOTAL AID PACKAGE OF DM 600 MILLION. THE NEW CREDIT TERMS FOR CAPITAL ASSISTANCE LOANS ARE THE IDA TERMS CURRENTLY BEING OFFERED TO THE LEAST DEVELOPED; NAMELY .75 PERCENT INTEREST, 50 YEARS AND 10 YEARS GRACE.

3. BAHR ANNOUNCED FRG WILLINGNESS TO CONTRIBUTE TO A MAJOR WATER IRRIGATION PROJECT IN MADHYA PRADESH. ALTHOUGH THE FRG WILL NOT BE IN A POSITION TO FINANCE THE ENTIRE SYSTEM, THE FRG MAY PROVIDE UP TO DM 500 MILLION OVER A 10 YEAR PERIOD FOR THE PROJECT. HOWEVER, FRG COMMITMENTS WILL BE SUBJECT TO AUTHORIZATION EACH YEAR. MOREOVER THE INDIAN GOVERNMENT MUST COMMIT ITSELF TO COMPLETING THE PROJECT IF AT ANY TIME THE FRG DECIDES NOT TO PROVIDE FURTHER FUNDING. OFFERMAN ESTIMATES THAT THE FRG WILL PROVIDE SOMEWHAT LESS THAN DM 50 MILLION OUT OF THE DM 220 MILLION CAPITAL ASSISTANCE BUDGET FOR THIS PROJECT IN 1976.

4. OFFERMANN ALSO TOLD US THAT MRS.GANDHI RAISED THE QUESTION OF INDIAN ACCESS TO EUROPEAN COMMUNITY AID PROGRAMS. BAHR EXPLAINED THAT THE FEDERAL REPUBLIC DOES NOT WISH TO SEE EC FUNDS DISTRIBUTED TO NON-ASSOCIATED STATES UNTIL THE EC MEMBER GOVERNMENTS HAVE COORDINATED THEIR RESPECTIVE ASSISTANCE PROGRAMS. IN THE GERMAN VIEW, AN IMPORTANT ELEMENT OF THIS HARMONIZATION PROCESS WILL BE A COMMITMENT BY OTHER EC MEMBERS TO UNTIE ALL THEIR AID.

5. COMMENT: ALTHOUGH BAHR HAS NOT YET RETURNED TO BONN, HE HAS BEEN INTERVIEWED BY SEVERAL GERMAN CORRESPONDENTS CONCERNING THE RESULTS OF HIS TRIP. ON A NUMBER OF OCCASIONS HE HAS BEEN PRESSED TO EXPLAIN LIMITED OFFICIAL USE

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WHY HE FAVORS AID TO INDIA WHILE NOT SUPPORTING SUCH ASSISTANCE FOR CHILE. IN BANGKOK, WHICH BAHR VISITED AFTER LEAVING INDIA, BAHR CLARIFIED HIS APPLICATION TO INDIA OF THE "BAHR DOCTRINE", UNDER WHICH THE FRG WILL NOT GIVE AID TO LDCA IN WHICH PREVIOUSLY GRANTED HUMAN RIGHTS ARE DISREGARDED. BAHR CONTRASTED INDIAN SITUATION WITH THAT OF CHILE, NOTING IN PARTICULAR THE CONTINUATION IN INDIA OF PROVINCIAL GOVERNMENTS OPPOSED TO GANDHI'S

COALITION. WHILE OBVIOUSLY UNCOMFORTABLE ABOUT FAILURE
TO APPLY BAHR DOCTRINE IN INDIAN CASE, BAHR HAS NEVER-
THELESS CONTINUED TO AFFIRM THIS POLICY GUIDELINE.
CASH

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